Reaching a solvency ratio of 13% – the highest among Spain's major banks

Bankia increases net interest income over the quarter and posts attributable profit of 575 million euros to September

- The banking core result hits 946 million euros – 0.7% higher year-on-year (YOY)
- Excess capital generated over 12% CET1 Fully Loaded since 2018 totals 1.28 billion, which is in line with the target of 2.5 billion euros set in the Strategic Plan
- For the third quarter in a row, the total volume of performing loans increased and now exceeds 107.2 billion euros
- The volume of new mortgage loans has gone up 1.3% to September YOY
- The volume of non-performing assets or NPAs (non-performing loans and foreclosed assets) has been slashed by 1.4 billion euros year-to-date (YTD), while the NPL ratio is down at 5.5%
- New customers are being attracted to the bank at a faster rate and the customer base has expanded by 165,000 over the last 12 months (a 68% increase), while the number of customers with direct income deposits has gone up (+20%)
- Bankia ended yet another quarter as leader for net flows into mutual funds (996 million euros) and now manages and commercialises assets totalling 21.3 billion euros
- Customer satisfaction is still rising quickly and now tops 90.3%, which is a new record. The net promoter score has improved by 10 points in nine months
- Some 51.4% of customers are now digital and over 26% of total sales are through digital channels

Madrid, 28/10/2019. Bankia has further stabilised net interest income and cleaned up its balance sheet, ending the first nine months of the year with a net profit of 575 million euros – 22.6% lower than in the same period of 2018 because of smaller gains on the sale of fixed-income portfolios (net trading income or NTI) and higher provisioning requirements associated with the faster reduction in doubtful loans.

Consequently, the core result (comprising net interest income plus fees and commissions less expenses) hit 946 million euros between January and September – 0.7% higher YOY thanks to buoyant sales and the positive impact of cost streamlining in a market affected by further interest rate cuts.

Bankia's chairman, José Ignacio Goirigolzarri, highlighted that the bank has enjoyed "buoyant sales, which are the highest in recent years, both in terms of the growth in our customer base and increased sales of value-added products".

Goirigolzarri pointed out that "our [the bank's] balance sheet continues to become more robust thanks to the major drive to pare back non-performing assets which has put us in a fantastic position to fulfil the pledges we made in the Strategic Plan for next year".

"This effort to enhance the quality of the balance sheet has been compatible with a further improvement in our capital ratio, which now stands at 13% – the highest of Spain's major banks;" Bankia's chairman said.

Meanwhile, CEO, José Sevilla, commented that the sales drive "has enabled us to stabilise net interest income which, along with cost cutting, has once again boosted the bank's core result and improved the efficiency ratio".

"On the lending side, we have once again posted decent growth in consumer and business lending: key segments for Bankia and in which it has been gaining market share since the start of the year. Indeed, we have again posted an increase in total performing loans for the third consecutive quarter," Sevilla said.

The bank's CEO highlighted that Bankia is continuing to generate capital organically. "We have accumulated 1.28 billion euros of surplus capital to be distributed to shareholders; in line with our goal of paying out 2.5 billion euros over the three-year period from 2018 to 2020," he noted.

Stabilisation of margins and cost containment

On the margins side, net interest income totalled 1.52 billion euros between January and September – down 1.4% YOY. The bank has made further progress stabilising margins, which amounted to 502 million euros in the third quarter – 1.5% higher than in the same period of the previous year.

Fee and commission income remained stable over the first nine months of the year and now stands at 796 million euros. There have been decent increases in revenue from payment services (+9.6%) and asset management (+3.4%) YOY.

Bankia

Gross income amounts to 2.55 billion euros (-5.9%), while operating expenses are 2.3% lower in the first nine months of the year at 1.37 billion euros thanks to the synergies deriving from the BMN merger.

The gross customer margin was 1.63% at the end of the third quarter of the year – above the figure of 1.51% for the same period a year earlier. The bank's cost to income ratio is 52.3% in the third quarter of the year.

Charges to provisions and other gains and losses totalled a cumulative expense of 384 million euros YTD in September (+14.5%), which is associated with the cost of selling off credit portfolios and non-financial asset impairment.

A healthier balance sheet and a lower NPL ratio

Between January and September, Bankia made significant headway reducing its stock of non-performing assets and the non-performing loans (NPL) ratio, while maintaining a comfortable coverage ratio of 53.7%.

During the first nine months of the year, gross NPLs were 1.3 billion euros lower (-15.4%), driving down the NPL ratio to 5.5% from 7.8% for the first nine months of 2018. The NPL ratio has fallen by 20 basis points (bp) over the quarter.

The decrease in NPLs means NPAs (non-performing loans and foreclosed assets) now total 9.5 billion euros (gross) – 1.4 billion euros lower YTD (-13%). Consequently, the gross NPA ratio has fallen to 7.2% of total credit at the September close and is closing in on the target of less than 6% by 2020 year-end, as set in the bank's Strategic Plan.

Leader in capital adequacy among the major banks

For yet another quarter, Bankia has improved its capital adequacy, leading the way among Spain's major banks. The bank's CEO, José Sevilla, has commented that "our business model continues to generate capital organically".

At the end of September, it had a CET1 Fully Loaded ratio as per regulatory criteria (including unrealised sovereign gains in the fair value portfolio) of 13%, an improvement of 61 bps over the nine months.

The CET1 Phase In ratio has improved to 14.22% and the Total Capital ratio is 17.86%. These levels represent a capital surplus over and above the minimum SREP requirements of 497 bp; 511 bp at the total capital level.

With all this in mind, excess capital generated since 2018 totals 1.28 billion euros of capital has been generated since early 2018. This figure is in line with the objective of distributing capital exceeding the 12% CET1 Fully Loaded ratio target set in the 2018-2020 Strategic Plan. The aforesaid 1.28 billion euros equates to 51.2% of the 2.5 billion-euro capital generation target included in the plan.

New placements by the bank since the start of the year include: 500 million euros of senior non-preferred debt; 1.25 billion euros of senior preferred debt and 1 billion euros of subordinated debt (to extend the expiration term of the 2014 issue) which bolsters the bank's capital and liquidity position, increasing the amount of eligible liabilities to fulfil the MREL regulatory requirements.

At the end of the third quarter, the MREL stood at 20.7% as a percentage of risk-weighted assets (RWAs), whereby the bank is easily on track to reach the target of 23.66% in July 2021.

More customers, greater loyalty and increased lending

This quarter has once again seen Bankia attracting more customers, while their loyalty has also strengthened. There has also been an uptick in lending to households and businesses thanks to a heightened sales drive by the bank's network.

Over the last 12 months, the customer base has grown by 165,000 – 68% faster than a year earlier. There has also been a 20% increase in the growth rate of customers with direct income deposits, as 126,000 people have joined.

On the lending side, the volume of new mortgage loans granted continued to grow YOY between January and September (+1.3%) and now totals 2.074 billion euros. Fixed-rate mortgages make up 48% of the volume of all new mortgage loans, while 34% of the loans arranged were to new customers.

Turning to companies lending, performing loans are up 7.8% with respect to September 2018, whereas on the consumer loans side, the volume of consumer loans rises 14.1% YOY.

Thanks to this success, the total balance of performing loans grew for the third quarter in a row and is over 107.2 billion euros (800 million euros higher than at the 2018 year-end).

Profitable lending and sustainable finance

The bank remains staunchly committed to growing in those segments it did not operate in during the years of the recapitalisation plan, and boosting profitable lending and sustainable finance. In this regard, there has been a significant rise in syndicated loan arrangements.

Bankia has partnered with Crédit Agricole to establish a consumer credit joint venture, SoYou, which will open its doors once it receives authorisation to operate as a specialised lending institution (EFC) in Spain.

Additionally, Bankia has set up a Sustainable Finance and Business department, redoubling its commitment to sustainable finance. It has also furthered its efforts to reduce its environmental impact. Moreover, it has signed the United Nations Principles for Responsible Banking and joined the Dow Jones Sustainability Europe Index.

Leader in mutual fund inflows

On the liabilities side, in the year, strong growth in mutual funds (+11.6% in assets under management/balances) and strict customer deposits (+2% in current accounts, savings accounts and the public sector) have driven up retail customer funds to 152.15 billion euros – 3.4% higher than in December of last year.

Bankia ended September at the top of the rankings for new net mutual fund inflows (996 million euros – up 3% YOY). Assets under management total 21.3 billion euros – 7% higher than at the close of the third quarter in 2018.

Net inflows have shot up 21% in the first nine months of the year, with the total share of the mutual funds market up 39 bp at 6.94% since December 2018.

Turning to pension plans, inflows are 17.2% YOY and assets under management and traded are 2.1% higher at 8.3 billion euros.

The volume of new life insurance premiums has increased by 34% versus the first nine months of 2018, while the volume of non-life premiums is 28% higher.

Another of the value-added products Bankia is continuing to perform well in is payment services. In-store card turnover is up 14.6%, while online sales have shot up 26.5% compared to the first nine months of 2018. Point-of-sale terminal turnover ended the first nine months of the year, up 13.3% over the same period of the previous year.

Over 50% of customers are now digital

Bankia has made further progress with digitalisation as part of its campaign to tailor its products and services to customer demand and ensure they are increasingly satisfied.

As part of its multichannel strategy, Bankia's sales through digital channels now make up 26.1% of total sales – almost 5 points higher than a year ago (21.3%). More than half the bank's customers (51.4%) are now digital – up 8.6 percentage points (pp) over the last 12 months.

Mobile phone payments in the month of September 2019 shot up 139% from the December 2018 figure, and Bankia is sector leader in instant transfers with a 32.8% market share.

Customer satisfaction is rising quickly and has reached a new all-time high of 90.3% versus 86.9% in December last year. The net promoter score (NPS) has improved significantly at the September close having climbed by slightly more than 10 pp over the last nine months to 48.1%.

Relevant events in the first nine months

On 25 January, Bankia completed the reorganisation of its structure to contribute to the bank's transformation, creating four sub-general directorates (Finance; Credit Risk; People and Culture; and Transformation and Digital Strategy) and increasing the size of its Executive Committee from eight to 12 members.

On 30 January, Fitch upgraded its long-term rating for Bankia by a notch to BBB (previously BBB-) changing its outlook from Positive to Stable.

On 7 February, Bankia placed a 1 billion-euro ten-year subordinated bond issue.

On 26 February, Bankia's board appointed Eva Castillo Sanz as independent lead director replacing Joaquín Ayuso García.

On 18 March Bankia placed a 500 million-euro five-year senior bond issue.

On 22 March, the annual general meeting of shareholders approved a 5% increase in dividends to 357 million euros, which equates to a pay-out of 11.576 euro-cents per share.

On 27 March, Carlos Egea stepped down from his executive position at Bankia following the completion of the BMN merger and will continue to serve on the bank's board of directors as an external director.

On 29 March, Bankia announced that it would bear mortgage loan arrangement costs, becoming the only bank with a large number of branches to sell cost and commission-free mortgages and without requiring borrowers to contract additional products to benefit from these conditions.

On 1 April, Bankia completed the sale of 51% of Caja Granada Vida and Cajamurcia Vida to Mapfre for 110.3 million euros, completing the reorganisation of the bancassurance arm after taking over BMN.

On 7 May, Bankia launched Waiap to lead in-store digital payments in Spain.

On 9 May, Scope Ratings affirmed Bankia's BBB+ with a Stable outlook rating.

On 17 May, Bankia brokered a deal with ING to offer financial services on special terms to its business customers.

On 31 May, the rating agency S&P affirmed its long-term BBB with a Stable outlook rating for Bankia.

On 18 June, Bankia placed a 500 million-euro five-year senior non-preferred bond issue.

On 24 June, Bankia and ING expanded and strengthened their partnership enabling ING customers to use the bank's ATM network.

On 26 June, Carlos Egea was appointed as a new member of the bank's Audit and Compliance Committee.

On 2 July, Bankia placed a 750 million-euro seven-year senior preferred bond issue.

On 2 July, DBRS affirmed its long-term BBB (high) rating, upgrading the outlook from Stable to Positive.

On 12 July, Bankia and the European Investment Bank launched a pioneering line of credit in Europe of 300 million euros to grant 'green mortgages'.

On 26 July, Bankia completed the sale of a portfolio of foreclosed assets totalling 1.42 billion euros and mortgage NPLs totalling 1.283 billion euros to subsidiaries of Lone Star Fund XI. The deal had been announced in December 2018.

On 27 August, Bankia announced the creation of a Sustainable Finance and Business division.

On 13 September, Bankia pledged to make its customers' lives easier every day, with its new brand claim: 'That easy'.

On 14 September, Bankia joined the Dow Jones Sustainability Europe Index as one of the most sustainable companies.

On 22 September, Bankia signed the United Nations Principles for Responsible Banking along with 130 global banks.

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KEY DATA

	Sep-19	Dec-18	Change
Balance sheet (€ million)			
Total assets	207.403	205.223	1,1%
Loans and advances to customers (net)	118.786	118.295	0,4%
Loans and advances to customers (gross)	122.247	122.505	(0,2%)
On-balance-sheet customer funds	146.715	144.680	1,4%
Customer deposits and clearing houses	128.726	126.319	1,9%
Borrowings, marketable securities	15.007	15.370	(2,4%)
Subordinated liabilities	2.983	2.990	(0,2%)
Total customer funds	176.370	171.793	2,7%
Equity	13.191	13.030	1,2%
Common Equity Tier I - BIS III Phase In	11.425	11.367	0,5%
Solvency (%)			
Common Equity Tier I - BIS III Phase In	14,22%	13,80%	+0,42 p.p.
Total capital ratio - BIS III Phase In	17,86%	17,58%	+0,28 p.p.
Ratio CET1 BIS III Fully Loaded	13,00%	12,39%	+0,61 p.p.
Risk management (€ million and %)			
Total risk	129.702	129.792	(0,1%)
Non performing loans	7.117	8.416	(15,4%)
NPL provisions	3.823	4.593	(16,8%)
NPL ratio	5,5%	6,5%	-1,0 p.p.
NPL coverage ratio	53,7%	54,6%	-0,9 p.p.

	Sep-19	Sep-18	Change
Results (€ million)			
Net interest income	1.520	1.542	(1,4%)
Gross income	2.546	2.706	(5,9%)
"Core" result (Net interest income + Net fees and commissions - Operating Expenses)	946	939	0,7%
Pre-provision profit	1.176	1.304	(9,8%)
Profit/(loss) attributable to the Group	575	744	(22,6%)
Key ratios (%) [4]			
Cost to Income ratio (Operating expenses / Gross income)	53,8%	51,8%	+2,0 p.p.
R.O.A. (Profit after tax / Average total assets) [1]	0,4%	0,5%	-0,1 p.p.
RORWA (Profit after tax / RWA) [2]	1,0%	1,2%	-0,2 p.p.
ROE (Profit attributable to the group / Equity) [3]	6,0%	7,9%	-1,9 p.p.
ROTE (Profit attributable to the group / Average tangible equity) [4]	6,2%	8,1%	-1,9 p.p.

	Sep-19	Dec-18	Change
Bankia share			
Number of shareholders	178.374	184.643	(3,4%)
Number of shares in issue (million)	3.070	3.085	(0,5%)
Closing price (end of period, €) [5]	1,73	2,56	(32,3%)
Market capitalisation (€ million)	5.318	7.898	(32,7%)
Earnings per share [6] (€)	0,25	0,23	10,0%
Tangible book value per share [7] (€)	4,24	4,18	1,5%
PER (Last price [5] / Earnings per share [6])	6,91x	11,23x	(38,5%)
PTBV (Last price [5] / Tangible book value per share)	0,41x	0,61x	(33,3%)
Additional information			
Number of branches	2.275	2.298	(1,0%)
Number of employees	16.051	15.924	0,8%

(1) Annualized profit after tax divided by average total assets for the period
(2) Annualized profit after tax divided by risk weighted assets at period end
(3) Annualized attributable profit divided by the previous 12 months average equity, excluding the expected dividend payment
(4) Annualized Attributable profit divided by the previous 12 months average tangible equity, excluding the expected dividend payment
(5) Using the last price as of 30 September 2019 and 31 December 2018.
(6) Annualized attributable profit divided by the number of shares in issue.
(7) Total Equity less intangible assets divided by the number of shares in issue

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9M'19 v 9M'18 P&L

(€ million)	9M'19	9M'18	Change on 9M'18 Amount	Change on 9M'18 %
Net interest income	**1.520**	**1.542**	**(22)**	**(1,4%)**
Dividends	15	8	7	80,1%
Share of profit/(loss) of companies accounted for using the equity method	42	44	(2)	(3,9%)
Total net fees and commissions	796	799	(3)	(0,4%)
Gains/(losses) on financial assets and liabilities	236	381	(144)	(37,9%)
Exchange differences	12	11	2	14,7%
Other operating income/(expense)	(75)	(78)	3	(4,2%)
Gross income	**2.546**	**2.706**	**(160)**	**(5,9%)**
Administrative expenses	(1.222)	(1.272)	50	(3,9%)
Staff costs	(853)	(883)	31	(3,5%)
General expenses	(369)	(388)	19	(4,8%)
Depreciation and amortisation	(148)	(131)	(18)	13,6%
Pre-provision profit	**1.176**	**1.304**	**(128)**	**(9,8%)**
Provisions	(305)	(244)	(61)	24,8%
Provisions (net)	(31)	36	(68)	-
Impairment losses on financial assets (net)	(274)	(281)	7	(2,5%)
Operating profit/(loss)	**871**	**1.060**	**(188)**	**(17,8%)**
Impairment losses on non-financial assets	(14)	29	(43)	-
Other gains and other losses	(66)	(120)	54	(45,1%)
Profit/(loss) before tax	**792**	**969**	**(177)**	**(18,3%)**
Corporate income tax	(215)	(230)	14	(6,3%)
Profit/(loss) after tax from continuing operations	**576**	**739**	**(163)**	**(22,0%)**
Net profit from discontinued operations (1)	0	5	(5)	(100,0%)
Profit/(loss) in the period	**576**	**744**	**(168)**	**(22,5%)**
Profit/(Loss) attributable to minority interests	0,8	0,3	0,5	163,2%
Profit/(loss) attributable to the Group	**575**	**744**	**(168)**	**(22,6%)**
Cost to Income ratio (2)	**53,8%**	**51,8%**	**+2,0 p.p.**	**2,0%**
Recurring Cost to Income ratio (3)	**59,6%**	**60,6%**	**(1,0) p.p.**	**(1,0%)**
PRO-MEMORY				
"Core" Result (4)	**946**	**939**	**7**	**0,7%**
Pre-provision profit "ex ROF" (5)	**940**	**923**	**16**	**1,8%**

(1) 9M'19 includes the result from Caja Murcia Vida and Caja Granada Vida since the acquisition of 100% of equity in both companies on 10 July 2018. From March 2019 onwards the results of Caja Murcia Vida and Caja Granada Vida are accounted for using the equity method after the sale of 51% in both companies to Mapfre Vida.
(2) Operating expenses / Gross income.
(3) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).
(4) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization
(5) Pre-provision profit - gains/(losses) on financial assets and liabilities.

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QUATERLY P&L

(€ million)	3Q 2019	2Q 2019	1Q 2019	4Q 2018	3Q 2018	2Q 2018	1Q 2018
Net interest income	**502**	**516**	**502**	**507**	**495**	**521**	**526**
Dividends	1	14	1	3	0	7	1
Share of profit/(loss) of companies accounted for using the equity method	13	15	14	13	14	18	12
Total net fees and commissions	263	273	260	266	265	270	264
Gains/(losses) on financial assets and liabilities	97	102	37	30	90	152	139
Exchange differences	5	4	3	4	5	5	1
Other operating income/(expense)	(5)	(66)	(4)	(160)	(5)	(70)	(3)
Gross income	**875**	**858**	**813**	**662**	**865**	**903**	**939**
Administrative expenses	(409)	(407)	(407)	(425)	(415)	(419)	(437)
Staff costs	(282)	(286)	(285)	(278)	(287)	(291)	(305)
General expenses	(127)	(121)	(122)	(147)	(128)	(128)	(132)
Depreciation and amortisation	(49)	(49)	(50)	(43)	(42)	(40)	(48)
Pre-provision profit	**417**	**402**	**357**	**194**	**407**	**444**	**453**
Provisions	(119)	(121)	(65)	(192)	(73)	(68)	(103)
Provisions (net)	14	(35)	(10)	(46)	(0)	24	13
Impairment losses on financial assets (net)	(132)	(86)	(55)	(146)	(73)	(91)	(116)
Operating profit/(loss)	**299**	**281**	**292**	**1**	**334**	**376**	**350**
Impairment losses on non-financial assets	(5)	(6)	(4)	(19)	(3)	36	(4)
Other gains and other losses	(42)	(4)	(19)	(31)	(43)	(28)	(49)
Profit/(loss) before tax	**252**	**271**	**269**	**(49)**	**288**	**384**	**297**
Corporate income tax	(76)	(76)	(64)	7	(63)	(99)	(67)
Profit/(loss) after tax from continuing operations	**176**	**196**	**205**	**(42)**	**224**	**285**	**230**
Net profit from discontinued operations (1)				1	5		
Profit/(loss) in the period	**176**	**196**	**205**	**(40)**	**229**	**285**	**230**
Profit/(Loss) attributable to minority interests	0,0	0,8	(0,0)	(0,0)	0,1	(0,1)	0,3
Profit/(loss) attributable to the Group	**176**	**195**	**205**	**(40)**	**229**	**285**	**229**
Cost to Income ratio (2)	**52,3%**	**53,2%**	**56,1%**	**70,7%**	**53,0%**	**50,8%**	**51,7%**
Recurring Cost to Income ratio (3)	**59,2%**	**60,7%**	**59,0%**	**74,6%**	**59,4%**	**61,6%**	**60,7%**
PRO-MEMORY							
Profit/(loss) attributable to the Group	**176**	**195**	**205**	**(40)**	**229**	**285**	**229**
Extraordinary profit/(loss) for the period (4)				**(85)**			
Recurrent Profit/(loss) attributable to the Group	**176**	**195**	**205**	**44**	**229**	**285**	**229**
"Core" Result (5)	**307**	**333**	**306**	**305**	**302**	**332**	**305**
Pre-provision profit "ex ROF" (6)	**320**	**299**	**320**	**164**	**317**	**291**	**315**

(1) 4Q18 and 3Q18 include the result from Caja Murcia Vida and Caja Granada Vida since the acquisition of 100% of equity in both companies on 10 July 2018.
From 1Q 2019 onwards the results from Caja Murcia Vida and Caja Granada Vida are accounted for using the equity method after the sale of 51% in both companies to Mapfre Vida.
(2) Operating expenses / Gross income.
(3) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).
(4) 4Q18 includes net extraordinary provisions associated with the impact of the sale of non-performing assetes to the institutional investor Lone Star XI.
(5) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization.
(6) Pre-provision profit - gains/(losses) on financial assets and liabilities.

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BALANCE SHEET

(€ million)	Sep-19	Dec-18	Change on Dec.18 Amount	%
Cash and balances at central banks	8.973	4.754	4.219	88,7%
Financial assets held for trading	7.574	6.308	1.266	20,1%
Trading derivatives	7.428	6.022	1.405	23,3%
Debt securities	143	282	(138)	(49,1%)
Equity instruments	3	4	(0,4)	(11,5%)
Financial assets designated at fair value through profit or loss	11	9	2	17,0%
Debt securities	0,21	0,19	0,02	9,6%
Loans and advances	11	9	2	17,2%
Financial assets designated at fair value through equity	12.211	15.636	(3.425)	(21,9%)
Debt securities	12.137	15.559	(3.423)	(22,0%)
Equity instruments	75	76	(2)	(2,3%)
Financial assets at amortised cost	157.811	156.461	1.350	0,9%
Debt securities	33.379	33.742	(364)	(1,1%)
Loans and advences to central banks	0,03	0,00	0,03	-
Loans and advences to credit institutions	5.657	4.433	1.224	27,6%
Loans and advances to customers	118.776	118.286	490	0,4%
Hedging derivatives	2.677	2.627	50	1,9%
Investments in subsidaries, joint ventures and associates	585	306	279	91,3%
Tangible and intangible assets	3.100	2.487	613	24,6%
Non-current assets held for sale	2.078	3.906	(1.828)	(46,8%)
Other assets	12.382	12.728	(346)	(2,7%)
TOTAL ASSETS	**207.403**	**205.223**	**2.180**	**1,1%**
Financial liabilities held for trading	7.703	6.047	1.656	27,4%
Trading derivatives	7.468	5.925	1.544	26,1%
Short positions	234	122	112	91,9%
Financial liabilities at amortised cost	183.107	181.869	1.239	0,7%
Deposits from central banks	13.868	13.856	12	0,1%
Deposits from credit institutions	20.979	21.788	(809)	(3,7%)
Customer deposits and funding via clearing houses	128.726	126.319	2.406	1,9%
Debt securities in issue	17.990	18.360	(370)	(2,0%)
Other financial liabilities	1.544	1.545	(1)	(0,1%)
Hedging derivatives	84	183	(99)	(54,1%)
Provisions	1.789	1.922	(134)	(7,0%)
Other liabilitiess	1.330	2.013	(683)	(33,9%)
TOTAL LIABILITIES	**194.012**	**192.033**	**1.979**	**1,0%**
Minority interests	13	12	1	7,5%
Other accumulated results	186	147	38	26,1%
Equity	13.191	13.030	162	1,2%
TOTAL EQUITY	**13.391**	**13.189**	**201**	**1,5%**
TOTAL EQUITY AND LIABILITIES	**207.403**	**205.223**	**2.180**	**1,1%**

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9M'19 v 9M'18 P&L WITH IMPACT OF IFRS16 IN 2018

(€ million)	9M'19	9M'18 [1]	Change on 9M'18 Amount	Change on 9M'18 %
Net interest income	**1.520**	**1.534**	**(14)**	**(0,9%)**
Dividends	15	8	7	80,1%
Share of profit/(loss) of companies accounted for using the equity method	42	44	(2)	(3,9%)
Total net fees and commissions	796	799	(3)	(0,4%)
Gains/(losses) on financial assets and liabilities	236	381	(144)	(37,9%)
Exchange differences	12	11	2	14,7%
Other operating income/(expense)	(75)	(78)	3	(4,2%)
Gross income	**2.546**	**2.698**	**(151)**	**(5,6%)**
Administrative expenses	(1.222)	(1.221)	(1)	0,1%
Staff costs	(853)	(883)	31	(3,5%)
General expenses	(369)	(337)	(32)	9,5%
Depreciation and amortisation	(148)	(176)	28	(15,8%)
Pre-provision profit	**1.176**	**1.301**	**(125)**	**(9,6%)**
Provisions	(305)	(244)	(61)	24,8%
Provisions (net)	(31)	36	(68)	(185,7%)
Impairment losses on financial assets (net)	(274)	(281)	7	(2,5%)
Operating profit/(loss)	**871**	**1.057**	**(185)**	**(17,5%)**
Impairment losses on non-financial assets	(14)	29	(43)	(147,5%)
Other gains and other losses	(66)	(120)	54	(45,1%)
Profit/(loss) before tax	**792**	**966**	**(174)**	**(18,0%)**
Corporate income tax	(215)	(229)	14	(5,9%)
Profit/(loss) after tax from continuing operations	**576**	**737**	**(161)**	**(21,8%)**
Net profit from discontinued operations [2]	0	5	(5)	(100,0%)
Profit/(loss) in the period	**576**	**742**	**(166)**	**(22,3%)**
Profit/(Loss) attributable to minority interests	0,8	0,3	0,5	163,2%
Profit/(loss) attributable to the Group	**575**	**742**	**(166)**	**(22,4%)**
Cost to Income ratio [3]	**53,8%**	**51,8%**	**+2,0 p.p.**	**2,0%**
Recurring Cost to Income ratio [4]	**59,6%**	**60,6%**	**(0,9) p.p.**	**(0,9%)**
PRO-MEMORY				
"Core" Result [5]	**946**	**936**	**10**	**1,0%**
Pre-provision profit "ex ROF" [6]	**940**	**920**	**19**	**2,1%**

(1) In 9M'18 includes the estimated impact of applying IFRS 16 ("Financial Leasings") in order to make it comparable with 9M'19.
(2) 9M'19 includes the result from Caja Murcia Vida and Caja Granada Vida since the acquisition of 100% of equity in both companies on 10 July 2018. From March 2019 onwards the results of Caja Murcia Vida and Caja Granada Vida are accounted for using the equity method after the sale of 51% in both companies to Mapfre Vida.
(3) Operating expenses / Gross income.
(4) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).
(5) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization
(6) Pre-provision profit - gains/(losses) on financial assets and liabilities.

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QUATERLY P&L WITH IMPACT OF IFRS16 IN 2018

(€ million)	3Q 2019	2Q 2019	1Q 2019	4Q 2018 (1)	3Q 2018 (1)	2Q 2018 (1)	1Q 2018 (1)
Net interest income	**502**	**516**	**502**	**504**	**492**	**518**	**524**
Dividends	1	14	1	3	0	7	1
Share of profit/(loss) of companies accounted for using the equity method	13	15	14	13	14	18	12
Total net fees and commissions	263	273	260	266	265	270	264
Gains/(losses) on financial assets and liabilities	97	102	37	30	90	152	139
Exchange differences	5	4	3	4	5	5	1
Other operating income/(expense)	(5)	(66)	(4)	(160)	(5)	(70)	(3)
Gross income	**875**	**858**	**813**	**659**	**862**	**900**	**936**
Administrative expenses	(409)	(407)	(407)	(408)	(398)	(402)	(420)
Staff costs	(282)	(286)	(285)	(278)	(287)	(291)	(305)
General expenses	(127)	(121)	(122)	(130)	(111)	(111)	(115)
Depreciation and amortisation	(49)	(49)	(50)	(59)	(58)	(55)	(63)
Pre-provision profit	**417**	**402**	**357**	**193**	**406**	**443**	**452**
Provisions	(119)	(121)	(65)	(192)	(73)	(68)	(103)
Provisions (net)	14	(35)	(10)	(46)	(0)	24	13
Impairment losses on financial assets (net)	(132)	(86)	(55)	(146)	(73)	(91)	(116)
Operating profit/(loss)	**299**	**281**	**292**	**0**	**333**	**375**	**349**
Impairment losses on non-financial assets	(5)	(6)	(4)	(19)	(3)	36	(4)
Other gains and other losses	(42)	(4)	(19)	(31)	(43)	(28)	(49)
Profit/(loss) before tax	**252**	**271**	**269**	**(50)**	**287**	**383**	**296**
Corporate income tax	(76)	(76)	(64)	7	(63)	(99)	(67)
Profit/(loss) after tax from continuing operations	**176**	**196**	**205**	**(42)**	**224**	**284**	**229**
Net profit from discontinued operations (2)				1	5		
Profit/(loss) in the period	**176**	**196**	**205**	**(41)**	**228**	**284**	**229**
Profit/(Loss) attributable to minority interests	0,0	0,8	(0,0)	(0,0)	0,1	(0,1)	0,3
Profit/(loss) attributable to the Group	**176**	**195**	**205**	**(41)**	**228**	**284**	**229**
Cost to Income ratio (3)	**52,3%**	**53,2%**	**56,1%**	**70,8%**	**52,9%**	**50,8%**	**51,7%**
Recurring Cost to Income ratio (4)	**59,2%**	**60,7%**	**59,0%**	**74,7%**	**59,4%**	**61,6%**	**60,7%**
PRO-MEMORY							
Profit/(loss) attributable to the Group	**176**	**195**	**205**	**(41)**	**228**	**284**	**229**
Extraordinary profit/(loss) for the period (5)				**(85)**			
Recurrent Profit/(loss) attributable to the Group	**176**	**195**	**205**	**43**	**228**	**284**	**229**
"Core" Result (6)	**307**	**333**	**306**	**304**	**301**	**331**	**304**
Pre-provision profit "ex ROF" (7)	**320**	**299**	**320**	**163**	**316**	**290**	**314**

(1) All quarters of 2018 include the estimated impact of applying IFRS 16 ("Financial Leasings") in order to make them comparable with 1Q, 2Q and 3Q 2019.

(2) 4Q18 and 3Q18 include the result from Caja Murcia Vida and Caja Granada Vida since the acquisition of 100% of equity in both companies on 10 July 2018.
From 1Q 2019 onwards the results from Caja Murcia Vida and Caja Granada Vida are accounted for using the equity method after the sale of 51% in both companies to Mapfre Vida.

(3) Operating expenses / Gross income.

(4) Operating expenses / Gross income (excluding gains/losses on financial assets and liabilities and exchange differences).

(5) 4Q18 includes net extraordinary provisions associated with the impact of the sale of non-performing assetes to the institutional investor Lone Star XI.

(6) Net interest income + total net fees and commissions - administrative expenses - depreciation and amortization.

(7) Pre-provision profit - gains/(losses) on financial assets and liabilities.